97-84048-17

Potts, Rufus M.

Welfare (social) insurance

[Springfield?]

[1916]

97-84048-17
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

308
Z
Box 131

Potts, Rufus M.

... Welfare (social) insurance. To what extent is it desirable and feasible in the United States and by what means can it be accomplished? Address by Rufus M. Potts, insurance superintendent, state of Illinois, forty-seventh session of National convention of insurance commissioners, September 28, 1916, Richmond, Virginia. [Springfield? 1916]

13 p. 23cm.

Printed by authority of the state of Illinois.

1. Insurance, Industrial—U. S. 2. Insurance, State and compulsory—U. S. I. Title.

17-5324

Library of Congress HD7834.P7

ONLY ED

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35MM REDUCTION RATIO: 10:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-24-97 INITIALS: PB

TRACKING # : 22635

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

OCT 2 1916 Insurance

[Printed by authority of the State of Illinois.]

308 Z Box 131

Welfare (Social) Insurance

To What Extent is it Desirable and Feasible in the United States and by What Means can It Be Accomplished

Address by

RUFUS M. POTTS

Insurance Superintendent, State of Illinois

Forty-Seventh Session of

National Convention of Insurance Commissioners

September 28, 1916,
Richmond, Virginia.

Being chairman of your committee on Social Insurance, and also by reason of the inherent importance of the subject itself, I have become greatly interested in universal insurance for the purpose of making secure the economic welfare of every worker and citizen of the United States. I believe it to be the most weighty problem of our time. I think that we can most readily obtain a correct understanding of the subject by considering very briefly its origin and growth.

In Germany, beginning about 1870, there grew up a movement for insurance by the government of workingmen against accidents, and sickness, and of their families against results of premature death. There had previously been in Germany and in other countries, voluntary associations for these purposes, but for various reasons, the larger part of the working classes, comprising those who most needed such insurance, would or could not take advantage of it, so that when accidents, sickness or premature death occurred, destitution resulted, which could only be relieved by charity. The result of the movement was that in 1883 a law was enacted in Germany providing a governmental system for insuring workingmen against accident and sickness. The scope of the system has been much widened in later years in Germany, whose example has been followed to a varying extent by different European countries, England having enacted the most comprehensive system of such insurance in 1911.

Owing to the main purpose of this insurance, being the relief of workers, it was at first collectively called "workingman's insurance," or "industrial insurance." When the scope of this insurance was

gradually widened with success, it became apparent that the terms workingman's insurance or industrial insurance were not appropriate, because such insurance was needed and used by many others than manual laborers who are generally understood to be designated when the words workingmen or industrial are used. Consequently, the name social insurance was proposed and has come into quite general use. It has, however, always been apparent, whenever this name was given attention, that it was inaccurate. The association of ideas causing its use is rather far-fetched; and it also has, for the general public, an erroneous association with the name of the political party called Socialists. The effect of the name social insurance tending to produce a hostile attitude in the minds of members of other political parties is the same as if it were called Republican, Progressive, Democratic, or Prohibition insurance. For these and other reasons, I believe it highly desirable to have a new collective name for these branches of insurance, and I have heretofore proposed "Welfare Insurance." This name is accurate, for it describes fully and correctly the aim of the kinds of insurance included, and does not have any prejudicial associations with the name of any political party. Welfare insurance, then, is the use of insurance principles and methods for the purpose of supplying pecuniary resources necessary to maintain each citizen of the United States in a state of well-being throughout the various misfortunes and emergencies of life which would otherwise destroy his well-being and cause in its place destitution and suffering.

I believe that the substitution of "welfare insurance" as the collective name for the branches of insurance commonly included under the term social insurance would aid greatly in securing full and impartial consideration of the included branches of insurance as effective methods for making provision against the pecuniary effect of the calamities and disasters which are liable to befall all human beings. The adoption of this name will free the subject from embarrassing associations and prejudicial implications and leave it free for a full frank and impartial discussion on its merits from which alone a correct determination can be reached as to its desirability and feasibility in the United States.

We have seen that the purpose of welfare insurance is the creation of a fund to provide the means to maintain the well-being of each productive member of the community and his family, in spite of misfortune and disaster. There are many kinds of misfortunes which destroy the well-being of the individual, but the varieties of insurance needed to counteract the effects of calamities, can be grouped into a few general classes, such as accident insurance, sickness insurance, life insurance, maternity insurance, unemployment insurance and old age annuities. It is wholly unnecessary to give detailed definitions of these different branches of insurance because they are familiar to and well understood by all members of this convention.

The first question which presents itself in connection with my subject is: "What need is there for welfare insurance in the United States at the present time?"

I am not one of those pessimistic souls who believe that the world is on the down-grade, headed for some terrible disaster; that the con-

Sept. 14. 1923 HET

ditions of the people are getting worse and worse, so that life will soon be intolerable. On the contrary, I believe that the world is progressing upward toward a better day, although not so rapidly as we might wish; that the living conditions and the welfare of the masses of the population of the world is higher than ever before in its history, and that among the nations of the world, the people of the United States are the most prosperous and enjoy more favorable conditions than in any other nation. At the present time, in all civilized nations excluding, of course, the terrible effects of the great war now raging, the life of the individual is safer and food and clothing are more abundant than ever before. Many of the great infectious and contagious diseases have been almost entirely eliminated, and others are partially curbed so that the average length of human life has been greatly increased. Education is free and universal; opportunity for recreation and travel are available to greater numbers than ever before and there are many pleasures and even luxuries within the reach of common people which were unattainable by the kings and nobility of former ages.

In spite of all this, however, there unhappily prevails throughout every country of the civilized world an entirely unnecessary and unjustifiable degree of poverty and the bitter suffering which results therefrom, and this is true even in the United States. The estimates of the actual number of persons affected by poverty in the United States range all the way from one to ten million. This wide difference is due to the fact that little or no attention has been paid to the collection of such statistics in the United States, and also to the fact that the estimates were made by persons having divergent sympathies and holding different definitions of poverty.

There are two main causes of this poverty. First, the results of idleness, drunkenness, vice, and other improvident or evil conduct of the individual himself. These are personal causes and can not be eliminated by any system of insurance. The poverty resulting therefrom can only be relieved by personal reform from religious teachings or other means of regenerating the fallen. Indiscriminate financial aid from any source to those whose poverty arises from these personal causes will only perpetuate and increase such poverty.

Another variety of the personal causes of poverty is lack of education and particularly want of proper training and preparation for earning a livelihood. This, in a large measure is due to the absurd and imperfect school system in the United States, and can be remedied whenever those in charge of our educational institutions cease stuffing the helpless pupils in our common and high schools with dead languages, abstract knowledge, and similar intellectual trash, and educate them how to live rightly, and in ways and means of earning a livelihood.

The second main cause of poverty is calamities which occur without the personal fault of the sufferer, such as accident, sickness, premature death of the breadwinner, involuntary unemployment, and old age. The bitter sea of poverty which submerges millions of our people is largely fed from these nonpersonal sources.

An examination of the great amount of discussion concerning the desirability of the different branches of welfare insurance shows that most of the dispute has arisen because there has been an unconscious confusion of these two main causes of poverty. On the one hand, we have those who, being strongly impressed with the importance of the effects of personal causes believe that there is little poverty excepting that which arises from willful idleness, drunkenness, immorality and vices of the worker, and that therefore, insurance to relieve such poverty in unjustifiable. On the other hand, there are many well-meaning but sentimental social students, who are so affected whenever they see any suffering that they jump at the conclusion, that it is all unavoidable and should be relieved by insurance so generous as to afford instant and ample relief to every sufferer. It will be found, I believe, after careful survey of the whole field, that both classes of causes contribute heavily to the sum total of poverty, and that neither can be left out of account in working out a plan for relief, but that careful attention must be given to the devising of such a well-guarded plan, that the benefits of insurance will only be granted to those whose poverty is not the result of personal faults and vices. Any plan which places a premium on idleness, immorality and vice, by giving sufferers from these causes the same relief as is extended to the sufferers from unavoidable misfortune, will become repugnant to the conscience of the community because it will amount to taking from the thrifty and hard-working a part of the earnings of their labor and prudence, and using it for the support of the idle, improvident and vicious. No greater moral or social wrong could be committed than this, and such misuse must be most carefully guarded against.

The existence in our times of accidents, sickness, involuntary unemployment, old age and premature death as prolific sources of suffering will, of course, be admitted by everyone, but it requires statistics to afford a realization of the enormous number of people actually affected every year.

According to the best estimate made by the United States Bureau of Labor Statistics, there occur annually in the United States about 82,520 deaths from industrial accidents, that is, accidents received in the course of the workers' occupation. Using the carefully kept accident statistics of the State of Illinois as a basis, we are able to make the trustworthy estimate of 208,000 nonfatal industrial accidents annually in the United States, each sufficiently severe to cause more than seven days' loss of time. On the same basis, is is estimated that the total number of nonfatal accidents, both industrial and nonindustrial, annually in the United States of equal severity would be 687,000. These estimates are confirmed by the statistics regarding accidents in Germany, Russia and Italy, and are very conservative. The actual number of fatal and nonfatal accidents actually occurring in the United States very probably considerably exceeds the totals I have just given, which however, are sufficient to convince anyone that from accidents alone there must result an immense amount of destitution and suffering, and further that some method is urgently needed to furnish relief from the economic results of accidents in the United States at the present time.

Great, however, as is the total number of accidents and widespread as is the suffering resulting therefrom, these are far exceeded by sickness. Complete statistics concerning sickness have never been collected for the whole United States, but it is possible to make trustworthy estimates on the basis of other carefully kept statistics. These show that there must be in the United States over 3,000,000 persons seriously ill all of the time, of whom 1,200,000 are men and women between 25 and 65 years of age, the working period of life.

There were in the United States according to the census of 1910 33,500,000 people who were engaged in remunerative work. Making an estimate from all available statistics, including those kept in Germany, it appears that there are probably, among the working people of the United States, 13,400,000 cases of sickness annually, entailing a total loss of time of 284,750,000 days. The losses in wages placing the average at the low figure of $2 a day, and omitting Sundays, would be $488,142,852. These enormous totals show what immense economic disturbance and financial waste from loss of time alone is inflicted by sickness. This necessarily causes an incalculable amount of destitution and misery from lack of necessaries of life, aside from the terrible direct physical suffering from disease. In addition to all this, sickness compels the expenditure of immense sums for physicians, medicines and hospital bills.

Accidents and sickness do not, however, by any means exhaust the human contingencies which cause destitution and poverty, and consequent suffering. If the father or other breadwinner of the family is prematurely stricken down by death, the family, in a great majority of cases, will suffer from poverty. It is not commonly realized what immense numbers annually are exposed to suffering from this cause. In the census year of 1910 the total number of persons in the United States between the ages of 15 and 65 was 58,354,551, of which 33,500,000 were workers. Assuming that the same proportion of deaths occurred among the workers as among the general population between the ages of 15 and 65, then the number of premature deaths which occurred in that year among the workers at various ages was 608,000, the details being as shown in the following table:

Ages.	Deaths.	Ages.	Deaths.
15 to 19	33,396	40 to 44	66,657
20 to 24	50,247	45 to 49	64,559
25 to 29	54,519	50 to 54	73,432
30 to 34	54,358	55 to 59	73,673
35 to 39	61,000	60 to 64	81,398
Total	253,520	Total	354,719
Grand Total			608,239

Let us assume that there were dependent families left in one-half of these premature deaths, and that two-thirds of these families were left entirely unprovided for by the death of the worker, then there would be 202,000 dependent families left unprovided for annually. This alone is an immense and urgent problem worthy

the earnest attention of every humane and patriotic person. But this is not all.

A man and his family may be entirely exempted from the effects of accident, sickness, or premature death, but if the breadwinner is not able to obtain work, destitution will certainly afflict that man and his family unless some provision is made against it. There are practically no general statistics regarding unemployment in the United States. As a matter of fact it is a thing which varies widely from year to year. At some periods, as is fortunately true at the present time, there is practically no involuntary unemployment, because every man willing to work can get work. But we all know that there are constantly recurring periods of industrial stagnation called "hard times" when there are hundreds of thousands, and perhaps millions of men willing and able to work, but not able to secure employment. A man is not like a steam engine which, when unemployed, can be allowed to grow cold and stand idle without expense until work comes again, but constant supplies of food, clothing and other necessaries of life are required. If the human machine once stops and grows cold, it can never be started again. Consequently, unemployment is also a thing which must be taken into account in providing for the welfare of the people.

There is another feature which must be remembered whenever we consider poverty and the means necessary for its relief. This is that owing to the immense industrial development which has occurred in all civilized countries in the last century, the like of which never occurred before in the history of the world, and also of the consequent unprecedented increase in the populations of the civilized countries of the world, the power of misfortune and disasters of various kinds to immediately produce suffering, has been greatly increased.

The industrial revolution has separated more than half of the workers of the world from the soil and has crowded them into industrial towns and cities, where, when any interruption of employment, comes, want and suffering begin immediately because all food is brought from a distance and must be purchased at high prices. In the times preceding the industrial revolution, when the great masses of the population lived directly on the land and were engaged in agriculture, although the general welfare was not as high, still actual suffering for food did not begin as quickly upon the occurrence of misfortune, because there was nearly always some store of food on hand or relatives and neighbors could and would furnish it. Moreover, the standard of living of the masses was not so high, so that if calamity interrupted, their means of support, their downfall was not as quick or disastrous as at the present time.

The frequency also of the occurrence of catastrophes which interrupt the welfare of workers has probably increased in modern times from several causes. The innumerable, powerful machines in use render accident from that cause much more common. The enormous and widespread industrial operations with the use of explosives, such as mining, railroad construction, and the erection of high buildings, also result in more numerous and destructive accidents.

In short, the immensely increased complexity and extent of the modern industrial organization inevitably bring about an increased proportion of accidents. Liability to periods of unemployment is also increased by this complexity. We see then that unfortunately modern progress has not done away with, has not diminished, but on the contrary, has relatively increased the destitution and suffering of those afflicted by unavoidable misfortune.

Naturally the next question then is; "What is the best way of relieving this suffering?"

In former ages the only method was neighborly assistance and wider general charity, frequently through the church. These still have their field of great usefulness to-day, but are entirely insufficient to adequately care for all such suffering. The only other method of relief that has been discovered, that I have any knowledge of, is through insurance methods.

Successful insurance against the effect of uncertain contingencies rests on a certain fundamental fact which was disclosed only after knowledge had accumulated so that a record of the living experiences of large numbers of individual men under the conditions prevailing in civilized communities had been made, thus permitting a comparison of these experiences. When this was done, it was found, although the occurrence of disasters and misfortunes was very uncertain in relation to any particular individual, that, in relation to the total population of any country of sufficient size, their occurrence was approximately constant and regular. Some of these were certain to happen to somebody, and taking considerable periods of time, approximately the same number would occur in each period. Consequently, if all persons, subject to a certain contingency, contribute a small sum according to the average frequency of such contingency, to a fund held by a trustee and used for the purpose of reimbursing the pecuniary losses of those to whom the contingency occurs, we have a financially practicable method of securing the money needed for relieving all the victims of that kind of misfortune among the contributors to the fund.

It is on this very simple basis that the vast structure of modern insurance has been erected. Its development has been possible only through the gradual accumulation of the experience of millions of men in relation to many different kinds of calamaties. The final result is that insurance against occurrences very uncertain from the standpoint of any one individual, can be carried on as a business enterprise of stability and financial soundness, so that insurance has become one of the most reliable and profitable of all modern business enterprises.

We see then that in insurance we have an available and adequate method for relieving the widespread suffering and poverty from the economic effects of unavoidable accidents, sickness, unemployment, and other misfortunes.

A knowledge of the existence of this suffering is, however, no new thing, nor is insurance a recent invention. Its beginning dates back several centuries, and it has been in widespread use in all civilized countries for a large part of the past century, but nevertheless,

suffering continues. Consequently, the mere existence of systems of insurance is not sufficient and something more than present methods are necessary before the desired result—the complete relief of undeserved suffering—can be accomplished in the United States.

I do not think it will require any extended argument to convince this audience that the systems of accident, sickness and life insurance now in operation are wholly inadequate and reach only a small portion of the total population of the United States. The chief reasons why these do not reach all those needing insurance are as follows:

(1) The enormous expense of conducting the business, which added to the large amount actually required to be collected to make up the fund to indemnify the losses resulting from the contingencies insured against, makes the total cost prohibitive to the larger part of our citizens, particularly wageworkers.

(2) The lack of foresight and improvidence of many which leads them to spend all the money they earn for the satisfaction of immediate desires and fancies. There may be other drawbacks, but these are of controlling importance in most cases. What is needed is a plan which will meet both of these difficulties. Anything less will be incomplete and unsatisfactory.

This brings me to the consideration of the desirability and feasibility of extending welfare insurance until it is universal for the purpose of affording complete relief to all victims of unavoidable misfortune and their families.

It does not seem to me that there should be any difference of opinion among humane men concerning its desirability. Charity for this purpose is both inadequate and detrimental. Unless suffering from hunger and cold, and unless lack of all pleasures and comforts of life, are good and beneficial to the unfortunate, then the only plan which holds out any promise of preventing such wants and distress is surely desirable.

No welfare insurance funds should be wasted on those whose destitution is the result of their own vices and improvidence. Aid to such only encourages the repetition of the evil conduct. For the vicious and improvident, the only course that will at the same time protect society and bring about reform of the offender is to allow him to suffer the full consequences of his acts, with only such exceptions as the best interests of society may demand. Toward those, however, who are honest workers, and who make a sincere effort to support themselves and families, but who are overtaken by unavoidable misfortune, justice and humanity require an entirely different attitude.

The next question is: "Is universal welfare insurance feasible—that is, practicable—in the United States?"

That the *theory* of welfare insurance is sound and its operation practicable, is proven by the fact that is has been and is in extensive use not only in many other nations, but also in the United States. The existing systems of accident, sickness, and life insurance in the United States are all welfare insurance. Their successful operation under very unfavorable conditions proves conclusively that *some* welfare insurance is feasible.

But is *universal* welfare insurance feasible?

There is absolutely no reason why if partial use is practicable that universal use will not be also, if the cost can be reduced to the point where every person can pay the necessary premiums and means of compulsion are available to make all those do so who are too improvident or obstinate to do so voluntarily. Those not able to work should be provided for by charitable methods, and those not willing to work, when they are able to do so, which comprises the great army of able-bodied beggars, tramps, criminals and prostitutes should be placed and kept in farm colonies, workhouses or penal institutions according to their character and there compelled to work at least enough to produce what is needed to sustain their useless existence.

This brings us to the final part of my subject—How can welfare insurance be best carried on?

I have, I believe, considered and weighed every plan and suggestion that has been made in this connection, and I am obliged to say that so far, I have only found one plan which holds out substantial promise of accomplishing the desired purposes. This is the carrying on of a comprehensive system of compulsory welfare insurance, in all of its branches by the National Government. While, of course, some reduction of the expense of conducting the insurance business under existing systems might be brought about by economy and efficiency, still with the excessive acquisition and administration costs, by reason of high salaried officials and a great army of middlemen, the cost will always be exorbitant. A compulsory system of welfare insurance carried on by the National Government, will not only reduce the expense of operation to a minimum, so low that it will be negligible, but will render it feasible and proper for the Nation to contribute, in behalf of those earning low wages, a part of the dues necessary on actuarial calculations to pay for complete welfare insurance. Above all, only by a National system can the compulsion be employed necessary to force the improvident and obstinate to make provision for their families and themselves when overtaken by misfortune. The insurance of all the workers of the United States would include such enormous numbers that an almost unvarying law of average would result which would render the business as stable and certain as agriculture. The Nation would be entirely justified in paying the expense of conducting the business and of making such contributions of a part of the premiums should same be found necessary, in case of those receiving a low income, because of the increase of production through greater individual and industrial efficiency, and also because it would greatly diminish the necessity for charitable relief.

There would also be the same justification for the expenditure of funds raised by taxation for this purpose, as for spending such funds to support the Department of Agriculture, the Fisheries Bureau, the Mining and the Geological Bureaus and the maintenance of lighthouses and making of harbor and waterway improvements. They all contribute to the general welfare of the people of the United States which justifies their existence.

It is admitted that the compulsory element of a welfare insurance system implies that there is a considerable proportion of the people who do not have sufficient self-control, foresight and thrift to volun-

tarily take advantage of the benefits of welfare insurance, even when the plan includes contributions from employers and subsidies from the government. This is unfortunate and discreditable, but is an unalterable fact of human nature which must be taken into account in considering social plans, because in modern times, even the thriftless and reckless can not be abandoned to perish by starvation and disease when unable to earn their own support. Therefore, compulsion should be applied to the thriftless, to force them, at least, to assist in making provisions for the emergencies which will certainly later occur to many of them.

It is coming to be generally admitted by those most competent to judge, that for any branch of welfare insurance to even approximately fulfill its purpose by furnishing protection to the classes most needing the same, that it must be made compulsory on all who can not furnish proof that they have otherwise made provision for their dependents and themselves against all the emergencies which bring disaster to those without means.

While an essential feature is that welfare insurance be compulsory, this need not mean that a man would be required to insure with the National Insurance Office, if he could show that he had in some other way made secure provision for himself and family. This might be either by insuring in a reliable and approved insurance corporation, or mutual association, or by the possession of sufficient property for that purpose. In the latter case there should be some provision by which sufficient property either real or personal, would be required to be set aside for this purpose similar to a homestead, so that it could not thereafter be alienated or divested by judgment or otherwise, unless other property was dedicated to the same purpose in amount sufficient to afford protection to the individual and his dependents equal to a certain minimum of insurance.

In this connection, I desire to briefly call attention to the little understood, but extraordinary results, which can be obtained in the way of old age annuities through the payment by the individual himself of comparatively small sums of money early in life, provided an absolutely secure and inexpensive institution is available to receive, care for, and disburse the funds. This arises from the remarkable accumulations effected by compound interest in connection with the lapse of a great number of years.

There are two plans for such self-provided old age annuities. One is the "reserve-capital plan," in which, if the person dies before the date at which the old age annuity would begin, his heirs receive back the money which he has paid. The other is the "alienated-capital plan," in which no money is returned excepting to those persons who attain the given age. For example, on the "alienated-capital plan," *one* payment of $100 at 20 years of age will secure an *annual* pension of $97.27 for life after 65 years of age, while on the "reserve-capital plan," *one* payment of $100 at 20 years of age will secure an *annual* pension of $70.58 for life after 65 years of age. In the latter case, if the person making the payment dies before attaining such age, the payment he has made will be returned to his heirs.

If a parent wishes to provide for the the old age of his children, still more remarkable results can be obtained. *One* payment of $100 at 3 years of age will provide each year for life, after attaining the age of 65 years, $190.32 on the "alienated-capital plan," or $152.92 on the "reserve-capital plan."

There is no excuse for every able-bodied man not making provision for his old age and if married, for that of his wife, in this way, except ignorance or lack of an absolutely secure institution for that purpose. There are practically no able-bodied wage earners who, before marriage at least, do not waste a sufficient sum every year, which in one year alone, if paid for such annuities, would provide an annuity for the worker's entire old age.

A general system of welfare insurance would furnish the absolutely secure institution for receiving the initial deposits and paying out, when the time came, these old age annuities, and hence, any able-bodied man who had knowledge of the extraordinary results of such a plan of providing old age pensions and the opportunity of making such provisions by reason of the existence of a secure institution for that purpose, but nevertheless failed to do so, would have absolutely no right to complain if compulsion forced him to make such provision.

While compulsion in general is somewhat objectionable to Americans, but it can not in any sense be as objectionable as the suffering which results from improvidence, and there should not be any reluctance to apply compulsion to those so reckless, ungrateful and improvident as not to take advantage of either a reasonable amount of insurance in an expense-free government system, or too thriftless to accumulate enough property for protection against accident, sickness, old age, unemployment and premature death.

Compulsion is now used to enforce education, sanitation, fire prevention, food supervision, traffic regulation and in fact obedience to all laws. Sentimental objections to the absolutely necessary compulsory feature, should not be allowed to prevent the inestimable benefits of universal welfare insurance.

That a general system of successful welfare insurance is possible, only when carried on by the Nation is, I believe, conclusively proven by the fact that in all nations where it is in operation, it is effected in this way. This is true of the almost complete systems now in operation in Germany and England, and also of the less complete systems of other European countries. This method has been adopted also in Australia, and in the states of Washington and Ohio in regard to workingmen's compensation.

An objection certain to be loudly and insistently urged, is that a National system of welfare insurance would interfere with private business. When a private business which is for the purpose of supplying fundamental needs of the people has failed to perform its function at a reasonable cost, it then clearly becomes the duty of the Government to assume the operation of such business. Temporarily some insurance middlemen may lose employment, but no man has a vested right to make an easy living by performing an unneeded function which increases the expense of a beneficent institution. By reason

of the great extension of insurance to the whole people which would occur by creation of a compulsory National system, employment will be given to many now employed under the private system who are skilled and capable, although, of course, there would be no $25,000 to $100,000 salaries paid to agents or officials as at present. The howl about welfare insurance interfering with private business comes from extravagantly paid men who would be supplanted by government officials at moderate salaries, and stockholders who realize they could not get such enormous dividends on their investments in any other business.

A complete system of welfare insurance by bringing about, as it would, the collection of accurate and complete statistics concerning the occurrence and a study of the causes of accidents, sickness, involuntary unemployment and other destroyers of human welfare, would be an immense incentive to and aid toward preventive measures against all of these misfortunes. This has occurred in connection with accidents insured against by workmen's compensation which is one branch of welfare insurance.

Similar preventive benefits will occur in other branches of welfare insurance. The accumulation of knowledge concerning sickness, premature death, involuntary unemployment and similar causes of distress would certainly result in better human conservation and social upbuilding through a Nation-wide system of sickness prevention, the establishment of a complete National system of employment bureaus, and similar institutions for increasing human welfare. Mr. Miles M. Dawson, an experienced actuary, says that since the extensive social insurance system of Germany went into operation, the average length of life in that country has increased twelve years.

Welfare insurance is a plan whereby all, through the operation of the law of average, help without hardship, to bear the heavy burdens from misfortune that befall the few. The community at large, however, has not grasped the conception or realized the fact that it is possible by means of a proper system of welfare insurance to distribute the financial effects of all of the misfortunes which afflict humanity in such a way that they will be easily borne by all. What is needed is education of the whole people, until each citizen realizes its benefits and practicability.

Communists as well as extreme socialists, maintain that the present industrial and economic system is responsible for all poverty and destitution, and that if the existing system was destroyed and some plan of their own substituted, that all suffering from lack of means of livelihood would be forever banished from the world. Brief consideration, however, will show the falseness and absurdity of such a contention. As long as machinery is used, as long as sickness and disease have power over mankind, as long as liability to disablement in earlier years and certainty of incapacity to work in old age exists, no change, however radical, of our industrial system, or even the destruction of the entire system of private property for productive purposes would prevent the effects of calamities from being heavy burdens for those numerous and unfortunate members of society who happen to be the victims upon which misfortune falls. Nothing short

of the miraculous and universal interposition of Divine Power to render human nature perfect, to cause the operation of vast and complicated industrial enterprises with all attendant machinery to become absolutely free from danger, and also to prevent all disease, would be sufficient to avert the recurrence of these misfortunes day after day and year after year, as long as the troubled river of time flows into the sea of eternity. It is possible that some of these misfortunes might be escaped by going back to the savage or barbarous stage of society in which, there being no machinery, there would be no industrial accidents; and where the unmitigated forces of nature would work such an elimination of the weak, that there would be little disease and where, because there was nothing to work for, unemployment would be without terror.

No sane man, however, expects that miracles will be wrought in this age, nor does he desire a return to the savage stage of society. On the other hand, he can not reconcile himself and his ideas of justice to a continuation of present conditions in which, although it can be foreseen with absolute certainty that misfortune in various forms will inflict cruel suffering upon a considerable proportion of the community each year, no provision is made against the effects of such misfortune. A universal system of compulsory welfare insurance carried on by the people themselves, through their government would furnish an equitable and financially practicable system which would at the same time prevent suffering from unavoidable misfortune and preserve the inestimable benefits of our present industrial and social system, while also permitting and favoring gradual changes of that system to adjust it to changing conditions brought about by constant progress.

We must never lose sight of the fact, that the enormous modern increase in the complexity and scope of our industrial and social organization, have unhappily also increased the liability of many unfortunate members of the community, to lose temporarily and even in a few cases permanently, the ability to secure food and other primary requisites of human welfare. This liability renders precarious the maintenance in reasonable comfort of human life which is the fundamental aim of civilization. Visionary and irresponsible persons have seized on the distress and discontent which the existence of such conditions inevitably cause, as an opportunity to propagate doctrines which would mean the speedy disintegration and ultimate destruction of our wonderful modern civilization, which it has taken centuries to build up. They have secured some following and boast they will soon sweep the Nation. Consequently, not only as a matter of humanity and justice, but also as a means of preserving our precious civilization and the hard-won liberties we enjoy in the United States, I urge you all to assist in removing all just cause of discontent by rendering the economic welfare of every honest worker secure and stable through universal welfare insurance. This will destroy the power of those demagogues and shirkers whose real motive is to get a chance to feed on the accumulated result of the labor and thrift of others, but who use as a pretext the large amount of otherwise unavoidable suffering growing out of the complexity and defects of modern industrial and social organization.

MSH #7768

END OF
TITLE